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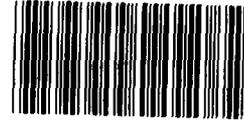
UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-208984

SEPTEMBER 22, 1982

The Honorable Terrel H. Bell
The Secretary of Education



119493

Dear Mr. Secretary:

Subject: Improved Administration of the Vocational
Rehabilitation Program Would Provide More
Effective Utilization of Program Funds
(GAO/HRD-82-95)

We reviewed certain activities carried out pursuant to the Rehabilitation Act of 1973, as amended, at selected State and local rehabilitation agencies. The scope and objectives of our review are discussed on page 5 of the enclosure.

Our review showed that there is an opportunity to maximize the utilization of funds made available for the program, as mandated by the act, by (1) providing rehabilitation services only to individuals who have substantial handicaps to employment and can reasonably be expected to become gainfully employed and (2) seeking other sources for funding the cost of any postsecondary educational training provided individuals as part of their rehabilitation services. Also, statistics reported by State and local agencies on the number of individuals successfully rehabilitated as a result of services provided under the program were exaggerated. These matters are detailed in the enclosure.

We discussed the results of our review with Rehabilitation Services Administration officials and have considered their comments. The enclosure contains recommendations to you on page 15. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

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We are sending copies of this report to the four above-mentioned Committees and other interested Committees and Subcommittees. Copies are also being sent to the Commissioner, Rehabilitation Services Administration; the Director, Office of Management and Budget; and your Inspector General.

Sincerely yours,



Gregory J. Ahart
Director

Enclosure

IMPROVED ADMINISTRATION WOULD PROVIDE
MORE EFFECTIVE UTILIZATION OF PROGRAM FUNDS

BACKGROUND

The Vocational Rehabilitation Program, established by the Smith-Fess Act, June 2, 1920 (41 Stat. 735), prepares handicapped persons for employment. The Rehabilitation Services Administration (RSA), Department of Education, 1/ provides leadership to the States in planning, developing, and coordinating their programs and evaluates program performance. Each State must designate an agency to administer the program or to supervise its administration through local or district offices within the State and submit a vocational rehabilitation services plan to RSA for approval. The State agency and local or district offices are responsible for providing or arranging for services and assistance to handicapped persons.

The rehabilitation program initially provided training, counseling, and placement services for the physically handicapped. However, subsequent laws broadened eligibility for the program to include persons with mental disabilities. In addition, RSA has identified target groups the States should emphasize in providing vocational rehabilitation services. For example, two groups that have been so designated and continue to receive priority in many States are public assistance recipients and handicapped public offenders.

The Rehabilitation Act of 1973, as amended (29 U.S.C. 701), carried on the provisions of previous legislation; however, it emphasized that State rehabilitation agencies should provide first

1/Before May 4, 1980, when the Department of Education was established, the activities discussed in this report were the responsibility of the Department of Health, Education, and Welfare. The Commissioner of RSA reports to the Assistant Secretary, Office of Special Education and Rehabilitation Services, Department of Education.

priority to serving persons with the most severe handicaps. 1/ Legislation passed since 1973 has not changed this major focus for the rehabilitation program.

Before services can be provided to a handicapped individual, the following criteria must be met:

- The person must be physically or mentally disabled.
- The disability must impose a substantial handicap to employment.
- Vocational rehabilitation services must be reasonably expected to make the person fit for gainful employment.

Rehabilitation process
and authorized services

Individuals may apply directly to vocational rehabilitation agencies for services. In addition, these agencies may receive referrals from various public and private organizations, such as educational institutions, hospitals and sanitoriums, health organizations and agencies, and welfare agencies. Eligibility is determined by a State rehabilitation counselor. In all cases, there must be a preliminary diagnostic study to determine that a physical or mental disability results in a substantial handicap to employment and that vocational rehabilitation services may reasonably be expected to increase the individual's employability. In some cases, an extended evaluation of rehabilitation potential is necessary before such a determination can be completed. If the applicant is ineligible, the State agency is required to notify the individual of the action taken, stating the reasons for ineligibility, and inform the individual of his or her right to appeal the decision under the State agency's procedures for administrative review.

If a person is eligible, the rehabilitation counselor is responsible for developing, with the handicapped person, an individualized written rehabilitation program specifying the services to be provided and objectives and employment goals to be

1/The Rehabilitation Act of 1973 defined a severe handicap as a "disability which requires multiple services over an extended period of time and results from amputation, blindness, cancer, cerebral palsy, cystic fibrosis, deafness, heart disease, hemiplegia, mental retardation, mental illness, multiple sclerosis, muscular dystrophy, neurological disorders (including stroke and epilepsy), paraplegia, quadriplegia and other spinal cord conditions, renal failure, respiratory or pulmonary dysfunction, and any other disability specified by the Secretary in regulations he shall prescribe."

achieved. The counselor is responsible for assisting the individual throughout the rehabilitation program and in obtaining appropriate employment and in providing postemployment services necessary for maintaining employment.

Services for handicapped persons are tailored to the person's specific needs and can include, but are not limited to:

- Physical and mental restorative services, such as medical and corrective surgical treatment; hospitalization; prosthetic, orthotic, and other assistive devices; and physical and occupational therapy.
- Psychological services and training, including personal and work adjustment.
- Maintenance and transportation.
- Specialized services for the blind and deaf.
- Postemployment services.

Clients are served until successfully rehabilitated or a determination is made that the vocational rehabilitation goal cannot be achieved. Under the vocational rehabilitation program, clients are not considered "rehabilitated" until the State agency determines that they have been suitably employed for at least 60 days. Suitable employment for vocational rehabilitation clients can include traditional gainful employment and placement in noncompetitive employment, such as sheltered workshops, unpaid family employment, and homemaking.

Program funding

Federal funds for vocational rehabilitation services are apportioned among the States on the basis of population and per capita income. Rehabilitation agencies' major focus is generally referred to as the basic support program, which provides direct services to handicapped persons. The Federal Government pays 80 percent of the costs incurred by the States under the basic support program; States must provide the rest.

State and Federal funding for basic support services for fiscal years 1975-82 were:

<u>Fiscal year</u>	<u>Federal share</u>	<u>State share</u>	<u>Total</u>
	(millions)		
1975	\$673.1	\$195.7	\$ 868.8
1976	699.8	197.7	897.5
1977	732.7	222.9	955.6
1978	754.5	231.5	986.0
1979	813.0	250.1	1,063.1
1980	817.5	a/204.4	1,021.9
1981	854.3	a/213.6	1,067.9
1982	863.0	a/215.8	1,078.8

a/ Estimated.

Program accomplishments

RSA reports program accomplishments in terms of the number of persons served and rehabilitated. The following table shows statistics reported by RSA on the number of handicapped persons served and rehabilitated for fiscal years 1974-81 and, where available, the number of severely handicapped included in these numbers.

<u>Fiscal year</u>	<u>Persons served</u>			<u>Persons rehabilitated</u>		
	<u>Total</u>	<u>Severely handi-capped</u>	<u>Percent severely handi-capped</u>	<u>Total</u>	<u>Severely handi-capped</u>	<u>Percent severely handi-capped</u>
	(thousands)			(thousands)		
1974	1,202	(a)	(a)	361	114	32
1975	1,244	(a)	(a)	324	116	36
1976	1,238	556	45	303	123	41
1977	1,204	569	47	291	128	44
1978	1,168	600	51	294	138	47
1979	1,128	612	54	288	143	50
1980	1,095	606	55	277	143	51
1981	1,038	601	58	256	138	54

a/ Statistics not compiled for severely handicapped.

OBJECTIVE, SCOPE, AND METHODOLOGY

We performed our review in five States--California, Colorado, Maine, Massachusetts, and South Carolina. By reviewing clients' case files and by other means, we wanted to determine:

--The extent to which State rehabilitation agencies are adhering to the eligibility requirements for accepting applicants into the program. Our effort also included a determination as to the extent to which individuals are referred to the rehabilitation program when they also appear to be eligible for other Federal or State programs which serve handicapped persons.

--The reliability of program statistics as measures of program performance and success in achieving goals established in the Rehabilitation Act of 1973.

We collected information (1) from RSA regional office files and staff responsible for monitoring the activities of the States in our review and (2) on operating policies and procedures at the five State rehabilitation agencies.

Our fieldwork also involved collecting information by reviewing 2,000 randomly selected clients' case files from 14 local rehabilitation offices in the five States. The cases reviewed included open, closed, and reopened cases, including those counted as successful and unsuccessful rehabilitations, those not accepted for services, and those involving clients receiving followup services after having been counted as successfully rehabilitated. The cases selected in these categories were from April 1978 to June 1980. The results of our sampling are projectable only to the local area offices we examined. In our opinion, the statistical sampling that would be required to project beyond the local area offices reviewed would be too costly.

We gathered national program information at RSA headquarters in Washington, D.C., and at other Federal agencies that administer programs providing services to handicapped persons.

Our review was performed in accordance with the Comptroller General's current "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

POTENTIAL FOR MORE EFFECTIVE
UTILIZATION OF PROGRAM FUNDS

The Rehabilitation Act of 1973 mandated that State rehabilitation agencies give first priority to serving severely handicapped persons. However, the eligibility criteria for the program remained essentially the same. Thus, handicapped individuals, including the severely handicapped, are eligible for rehabilitation

services only if they have a physical or mental disability that imposes a substantial handicap to employment and such rehabilitation services can be reasonably expected to make the individual fit for gainful employment.

Program regulations do not require an economic-needs test to be applied to clients for determining eligibility under the program. However, States must assure that local rehabilitation offices, in all cases, fully consider services available to handicapped persons under any other program to meet, in whole or in part, the cost of services. Also, the act mandated that vocational rehabilitation funds should not be used for postsecondary education training unless a maximum effort has been made to obtain grant assistance from other sources for such training.

Case files we reviewed

- indicated that many clients receiving physical restoration services did not appear to have substantial handicaps to employment,
- did not always contain evidence that other sources were sought to fund postsecondary education training, and
- did not always contain evidence that an assessment had been made regarding expectations for gainful employment for individuals provided vocational rehabilitation services.

Clients receiving physical restoration services often do not have substantial handicaps to employment

In many cases, rehabilitation program services were provided to individuals who did not appear to have a substantial handicap to employment.

We reviewed 833 case files of clients for whom rehabilitation plans had been established. These cases included successfully and unsuccessfully rehabilitated clients. Of these, 142 received physical restoration services. In 93 (or about 65 percent) of the cases, the restoration services consisted of purchasing or servicing such items as eyeglasses, hearing aids, or dentures or involved minor surgery. About 41 percent of the 142 clients who received restorative services were working at the time they applied for the services and most returned to their jobs or similar jobs after obtaining the services. In such cases, we question whether their physical condition was a substantial handicap to employment. For example:

- A 56-year-old Maine client diagnosed as having a hearing impairment was claimed as a successful rehabilitation after the rehabilitation agency paid \$37 to repair the

person's hearing aid. At the time of referral, the client was working as a border guard earning \$633 per month and remained in this job after the rehabilitation services were provided. This client had been previously claimed as a successful rehabilitation in 1975.

--A 28-year-old Maine client was employed at referral as an account clerk earning \$136 per week. The rehabilitation agency paid \$400 for a hearing aid for this client, who remained in the same job he held at the time he was referred.

--A 33-year-old Massachusetts client was a homemaker at referral. She had a bilateral hearing loss, and the rehabilitation agency paid for two hearing aids and medical evaluations costing \$625. Upon receiving the hearing aids, she returned to her homemaker duties and was claimed as a successful rehabilitation.

When only minor physical restorations are required, there is usually a good potential for achieving a successful rehabilitation, as shown in the cases above. This could be an incentive for counselors to be lenient when interpreting eligibility criteria that a person have a substantial handicap to employment in order to enhance performance statistics. However, in our opinion, when restorative services or minor surgical procedures are the only job-related vocational rehabilitation services provided, the program becomes, in effect, a health insurance program, which is not its intended purpose.

The Commissioner of RSA said he shares our concern. In this regard we were provided a copy of RSA's response to a congressional inquiry in which it stated that efforts were being made to discourage the use of vocational rehabilitation funds in cases where a single service of physical restoration was required.

Rehabilitation agencies pay for
postsecondary education without
maximum effort to obtain grant
assistance from other sources

Regarding financial aid to eligible handicapped individuals attending higher education institutions, the Rehabilitation Act of 1973 mandated that no training in such institutions shall be paid for with vocational rehabilitation funds unless maximum effort has been made to secure grant assistance from other sources to pay for such training. However, we found many situations in which State rehabilitation agencies did not appear to be making sufficient effort to obtain such grant assistance from other sources.

Although we did not attempt to establish whether clients who received postsecondary education support paid for by the rehabilitation agency were eligible for other Federal program

assistance, we could not find evidence in the cases we reviewed that counselors had considered such a possibility. Of the 833 case files we reviewed, 136 (or about 16 percent) called for training in postsecondary educational institutions. Of the 136 case files, 86 (or about 63 percent) did not contain evidence that the rehabilitation counselors had required clients to apply for other grant aid or that such aid was considered in determining the rehabilitation agencies' participation in postsecondary education cost.

As shown by the following examples, rehabilitation agencies' costs for postsecondary education can be substantial.

- The Colorado rehabilitation agency paid \$5,538 for a 27-year-old client to attend a private welding school. The client's primary disability was shown as a learning disability. Included in the costs of services were \$3,715 for tuition, \$1,280 for maintenance, and \$543 for other costs. The file did not contain any evidence that the client had applied for financial aid or training grants from other Federal or State programs. The client had problems reading and writing and found a job as a furniture delivery person.
- A 17-year-old Massachusetts client with diabetes attended two colleges within the State. The client became successfully employed as an architectural draftsman after the rehabilitation agency spent over \$3,700 for education-related costs. There was no indication that other resources were considered, and based on the client's family and income situation, it appeared that the client would have been eligible for Federal need-based educational benefits.
- A 17-year-old South Carolina client with an allergy condition was provided \$168 for treatment for this problem and \$3,040 to attend music training at a State university. The client quit school without notifying the counselors; consequently, there was a 16-month loss of contact. The counselor found out from the client's sister that the client had quit school and gone to work as a music store sales person. The South Carolina agency closed this case as a successful rehabilitation. There was no indication that other educational benefits were sought.
- A 22-year-old California client who was a right-leg amputee was successfully rehabilitated by the State agency. The State agency paid \$9,095 for tuition, \$567 for transportation, \$680 for maintenance, and \$687 for a leg prosthesis. However, there was no indication in the file that the agency attempted to secure financial support from other sources for the client's postsecondary education.

While we did not obtain specific reasons why counselors did not always consider educational aid that may have been available, it appears that in some cases counselors were not aware of the requirement or were lenient in complying with it.

The Commissioner has advised us that action has been taken to assure that maximum effort is made to secure financial assistance from other sources to pay for postsecondary education. After we selected our sample cases, program instructions were issued to all State agencies which included a requirement that case records contain adequate documentation as to the methods used to obtain grant assistance from other sources to pay for postsecondary education. Also, many State agencies have entered into or are negotiating agreements with State Associations of Student Financial Aid Administrators for coordinating financial aid for vocational rehabilitation clients.

Rehabilitation potential of
clients is sometimes questionable

The eligibility criteria for the basic vocational rehabilitation program state that there must be a reasonable expectation that vocational rehabilitation services may benefit the individual in terms of employability. However, vocational rehabilitation counselors are accepting people for the rehabilitation program who may not be capable of achieving a vocational goal or may otherwise be ineligible.

One reason that individuals without a reasonable expectation of benefiting from services in terms of employability are being accepted into the program may be that counselors find it easier to accept than deny them. Regulations implementing the Rehabilitation Act of 1973 provide for administrative review of counselors' decisions denying services to individuals who applied to rehabilitation agencies. Therefore, when counselors refuse to provide services to applicants, they face potential challenges to their decisions from the affected applicants. Preparing to respond to such challenges can be time consuming and can take counselors away from their open and active cases.

In the five States we visited, clients were seldom determined ineligible because their handicaps were too severe. Of the 406 cases we reviewed in which clients were determined ineligible, only 40 (or about 10 percent) of the clients were found ineligible because of the severity of their handicaps. The remaining clients were determined ineligible for other reasons, such as they refused services, failed to cooperate, or could not be located.

Also, counselors may be accepting clients with little likelihood of benefiting from rehabilitation services in terms of employment because of the influence of other programs. For example, according to Massachusetts State rehabilitation officials,

the rehabilitation program was being asked and, in some cases, threatened with legal actions if it refused to provide services for deinstitutionalized mental patients even when it was questionable that these individuals were prepared to engage in programs preparing them for employment. For example:

--A 55-year-old male diagnosed as a chronic undifferentiated schizophrenic with borderline mental retardation (intelligence quotient (IQ) of 76) was referred to the Massachusetts agency by a mental hospital. This client had been institutionalized for 30 years in a State mental institution. While institutionalized, the client had a lobotomy, and at the time of referral he was heavily medicated. According to the case file, this client displayed a lack of motivation and produced little work at a sheltered workshop. The agency lost contact with the client for 11 months, when a new counselor was assigned to the case. The counselor never regained contact with the client. The agency spent about \$840 on this client for medical evaluations and personal adjustment training.

An Assistant Commissioner of the Massachusetts agency told us that the problems with deinstitutionalization began several years ago, when the deinstitutionalization initiative started reaching the most chronically ill and difficult cases. He said that these inappropriate referrals to vocational rehabilitation agencies persisted in some Massachusetts regions because the Department of Mental Health did not have programs in those regions to assist such clients.

At a Massachusetts local area office, a counselor who had a predominantly psychiatric client caseload told us that a State consent decree to deinstitutionalize the mentally ill was resulting in clients with chronic conditions being referred to her. She said that she was under pressure from service providers responsible for making transitional arrangements to keep these clients "busy" in day programs if employment is not achievable. She said that she had had to remind these officials that, although a day program may be therapeutic for the client, it is not an appropriate vocational rehabilitation goal.

VOCATIONAL REHABILITATION PROGRAM
ACCOMPLISHMENTS ARE OVERSTATED

In the five States we visited, State vocational rehabilitation agencies have provided substantial services which led to employment for many handicapped persons. However, rehabilitation agencies were claiming successful rehabilitations when the agencies had provided limited or no apparent services leading to the individuals' employability.

RSA guidance to State rehabilitation agencies states that when a State agency determines that suitable employment cannot be achieved or that employment resulted without benefit derived from vocational rehabilitation services, the case should be closed as unsuccessfully rehabilitated. However, counselors have classified closed cases as successfully rehabilitated even though the employment did not result from the services provided. Some counselors have interpreted RSA's guidance to mean that a client was considered successfully rehabilitated as long as services were provided regardless of the relationship between the services and the client's employment.

Of the 417 cases we reviewed in the five States that were classified and reported as successfully rehabilitated, in 146 (or about 35 percent) of them there was no apparent relationship between the clients' jobs at case closure and the vocational rehabilitation services provided. In some cases, counselors established clients' vocational goals after clients had found employment or changed clients' goals to show closer matches between training services and job placement. In other cases, counselors closed clients' cases as homemakers when clients did not fulfill their vocational plans. Examples of these questionable rehabilitations were found at each of the locations we visited.

The following examples are cases in which clients' employment, in our opinion, should not be attributed to the rehabilitation services they received.

--A 34-year-old unemployed California motel maid whose medical diagnosis was "extreme exogenous obesity" was accepted as eligible even though a work evaluation report indicated no significant physical limitation.

Her vocational goal was "general office worker." The agency supported her with extensive dental work costing \$535; had her car repaired at a cost of \$375; and paid for other services, including weight watchers classes, costing \$427. The counselor closed the case as successful after the client found her own job as a maid, her former occupation. The case file indicated that the client was not successful in losing weight--her primary work limitation.

The counselor told us that he was originally going to close this case as not rehabilitated, but his supervisor told him that the dental restoration, transportation, and car repairs justified claiming a successful rehabilitation. She had been a previous client of the agency, but was closed as ineligible because she had no vocational handicap.

- A 34-year-old Colorado client who had multiple sclerosis in remission for several years and who had worked for 14 years as an electronics assembler terminated her rehabilitation agency sponsored training as an accountant/bookkeeper to go back to her electronics assembler job. The rehabilitation agency spent \$1,321 on this case, including \$834 for psychotherapy, \$240 for maintenance and transportation, \$235 for tuition and books, and \$12 for a medical examination.
- An 18-year-old South Carolina client with a drug abuse disability received training at a technical school in pursuit of a vocational goal of carpentry. The agency also provided tools, work clothing, and maintenance. The total cost of services was \$780. The client dropped out of school and moved, and the counselor lost contact with the client for 4 months. The client's mother told the counselor that the client was working as a sales clerk, and the counselor determined that no additional services were necessary. The case was closed as a successful rehabilitation.
- A 19-year-old Massachusetts client with diabetes had been working 3 days a week at the time of her referral to the agency. She was referred by a high school because she wanted to go to school to become a veterinary assistant. She never attended school, and the rehabilitation agency did not spend any money on her case. She decided to work full time at her job, and the Massachusetts agency claimed the case a successful rehabilitation.

We also noted several cases in which vocational goals were established or changed to match employment with rehabilitation services. For example:

- The South Carolina agency paid for university training for a 26-year-old client as a researcher. The diagnosis was inadequate anxiety reaction. This client was referred to a South Carolina mental health clinic, which reported that it could find no psychiatric disorder. After about 2 years of school, the client completed his courses and graduated. The agency lost contact with the client for 6 months.

When the new counselor contacted the client, he was working as a security guard at the school library. He held this job before his referral to rehabilitation services. The counselor changed the vocational goal and closed the case as rehabilitated. The total cost to the agency was \$1,778, of which \$1,710 was for tuition.

- A 19-year-old Maine client with epilepsy received \$880 for maintenance payments and \$291 for various evaluations and was closed as a successful rehabilitation by the agency. The client obtained a job as a custodian in October 1977, but the vocational plan was dated November 1977 and the case was closed in September 1978.
- A 19-year-old Massachusetts client with mental retardation (IQ=75) was claimed as a successful rehabilitation after the agency provided a pair of work shoes and a general medical examination at a total cost of \$52. The vocational plan of material handler was written several days after the client began work in the same factory that employed his father.
- A 48-year-old California client suffering from alcoholism received \$250 for maintenance payments, \$99 for clothing, and \$35 for a diagnostic evaluation. The agency claimed a successful rehabilitation when the client told the counselor that he had found a job. The vocational plan for the client was dated the same day that the client found the job. The maintenance and clothing expenses were paid after the client had the job.

Some examples of closed cases in which clients were classified as homemakers when they failed to complete their vocational plans include:

- An 18-year-old severely disabled California client had a goal of child care attendant. The client was attending a 2-year college at referral. The client informed the counselor that she and her husband were going to adopt a child so she quit a sales job she had obtained after quitting college. The case was closed as a successful rehabilitation by the counselor. The total cost to the rehabilitation agency was \$266 for books and other school expenses, clothing, and medical examinations.
- The Colorado agency changed a client's vocational goal twice. The initial goal for the 28-year-old client, diagnosed as having a hysterical personality, was to become a telephone answering operator. She then decided to get a B.A. degree at a State college. She also dropped out of this program. The counselor changed the goal to homemaker and closed the case as successful. The agency spent \$1,308, including \$900 for maintenance and transportation, \$356 for tuition and books, and \$52 for diagnostic services.
- The Colorado agency changed an 18-year-old mentally retarded (IQ=70) client's goal from teacher's aid to salesclerk. However, after no contact for 1 year, a new counselor discovered the client was married. He changed the goal to homemaker and closed the case as successful. The agency spent about \$1,069.

Internal audit agency
reported similar problems

The Department of Health and Human Services' Internal Audit Agency found similar problems in reviews of vocational rehabilitation programs in other States. For example, the Audit Agency reported in December 1979 that, for 15 of the 57 cases it reviewed in Iowa, the vocational rehabilitation clients' occupations after case closure were not related to the objectives specified in the vocational rehabilitation plans. When clients' health problems prevented them from obtaining employment in an occupation specified in their plans, the cases were closed as rehabilitated homemakers. Also, according to the report, when some vocational rehabilitation clients failed to complete training and returned to previous occupations, they were closed as successfully rehabilitated.

Also, the Audit Agency issued a report on June 30, 1978, on the Vocational Rehabilitation Program in five States. The report contained many findings regarding case closures in which clients became homemakers or found their own jobs in occupations that had no relationship to vocational goals, yet the rehabilitation agencies claimed successful rehabilitation.

CONCLUSIONS

Administration of the Vocational Rehabilitation Program should be strengthened to better assure that funds are used to provide services only to individuals who have substantial handicaps to employment and can reasonably be expected to become gainfully employed. We found several cases where individuals who did not seem to meet these criteria were provided rehabilitation services.

Federal funding for the program has not increased significantly since fiscal year 1979, even though inflation has increased the cost of services. Moreover, if the President's budget request for fiscal year 1983 of \$579.5 million for the basic State grant program is adopted, the Federal contribution to the program for fiscal year 1983 would be \$283.5 million less than was available for fiscal year 1982. Therefore, to make the most effective use of available funds, States should make sure that the program serves only individuals who have a substantial handicap to employment and can be reasonably expected to benefit from rehabilitation services in terms of gainful employment. States should also strengthen their procedures to assure that other potential sources for funding the cost of postsecondary educational training have been used before using Vocational Rehabilitation Program funds.

Claiming successful rehabilitation when there is little or no contribution on the part of rehabilitation agencies in individuals obtaining employment overstates the States' and RSA's accomplishments and thereby limits the reliability of statistical reports in assessing program effectiveness.

Although our sampling methodology would not allow for projecting our review results to all successful rehabilitation cases reported nationally, the reported accomplishments of the program in terms of its services leading to employability have been overstated at the locations we visited. As indicated by the agency's internal audit reports, the classification of successful rehabilitations has been a problem for a number of years.

Since the number of successful cases is viewed as a measure of performance, State administrators and counselors may perceive a need to have a reasonable proportion of cases classified as successful rehabilitations. Such a perception could result in exaggerated accomplishments and could be a reason for counselors accepting clients that do not need vocational rehabilitation services.

A possible way to avoid this problem is to revise the system of measuring performance to give credit for positive outcomes other than gainful employment. RSA has funded a project which might serve as a model for a national weighted case closure system, which would give credit not only for outcome, but also for the client's potential for or difficulty in achieving rehabilitation and the agency's effort required for rehabilitation. However, until the system is revised, counselors still need to be encouraged to adhere to the current criteria for claiming successful closures.

RECOMMENDATIONS

We recommend that you direct the Commissioner of RSA to emphasize to all State rehabilitation agencies the need to apply the program's eligibility criteria more stringently to avoid accepting cases where (1) there is no reasonable expectation that the program would assist the individual in obtaining gainful employment and (2) the individual does not have a handicap to employment. Also, we recommend that the Commissioner be directed to assure that each State rehabilitation agency is giving full consideration to obtaining grant assistance from other sources to pay for postsecondary education services.

The Commissioner should also be directed to require State rehabilitation agencies to adhere to the criteria for closing cases as successfully rehabilitated.